

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**

Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2011

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
Financial Statements With Independent Auditors' Report  
For the Year Ended June 30, 2011

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Financial Statements With Independent Auditors' Report  
For the Year Ended June 30, 2011

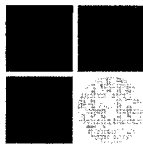
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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Education

**Unified School District No. 315 Colby, Kansas**

Colby, Kansas

We have audited the accompanying financial statements of **Unified School District No. 315 Colby, Kansas**, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 315 Colby, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **Unified School District No. 315 Colby, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 315 Colby, Kansas**, as of June 30, 2011, or the changes in its financial position for the year then ended. Further, **Unified School District No. 315 Colby, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 315 Colby, Kansas**, as of June 30, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended on the basis of accounting described in Note 1.

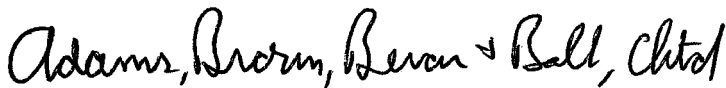
In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2012, on our consideration of **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our

**Unified School District No. 315 Colby, Kansas**

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testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Unified School District No. 315 Colby, Kansas'** financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

January 16, 2012

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Fund Categories</b>							
<b>General Funds</b>							
General Fund	\$ (488,374)	-	6,386,077	6,387,485	(489,782)	28,281	(441,501)
Supplemental General Fund	(18,063)	-	2,155,937	2,147,146	(9,272)	233,290	224,018
<b>Special Revenue Funds</b>							
Bilingual Education Fund	9,291	-	20,000	9,290	20,001	-	20,001
Capital Outlay Fund	398,807	-	278,611	325,471	351,947	26,025	377,972
Driver Education Fund	8,995	-	17,936	11,536	15,395	-	15,395
Food Service Fund	116,153	-	401,034	387,968	129,219	-	129,219
Professional Development Fund	72,762	-	78,038	44,828	105,972	7,203	113,175
Special Education Fund	348,057	-	1,453,451	1,370,050	431,458	11,925	443,383
Vocational Education Fund	80,995	-	403,700	360,865	123,830	45,096	168,926
KPERS Special Retirement Contribution Fund	-	-	274,769	274,769	-	-	-
Contingency Reserve Fund	517,630	-	-	-	517,630	-	517,630
At Risk Fund (K-12)	150,375	-	583,674	540,266	193,783	71,163	264,946
Textbook Rental Fund	23,121	-	29,623	22,044	30,700	13,799	44,499
USD No. 315 Drug Free Fund	250	-	-	250	-	250	250
Title I Low Income Fund	15,865	-	142,217	149,268	8,814	8,966	17,780
Title IIA Teacher Quality Fund	13,484	-	32,109	53,789	(8,196)	1,335	(6,861)
Title IID Education Technology Fund	235	-	55,949	56,184	-	7,728	7,728
Career and Technical Education Grant Fund	-	-	25,093	25,093	-	-	-
School To Careers Fund	563	-	-	563	-	-	-
Virtual Education Fund	500	-	3,000	988	2,512	-	2,512
District Activity Funds	92,704	-	222,147	189,192	125,659	-	125,659
<b>Debt Service Fund</b>							
Bond and Interest Fund	547,513	-	515,990	534,338	529,165	-	529,165
<b>Proprietary Fund Category</b>							
<b>Internal Service Fund</b>							
District Insurance Pool Fund	1,082,944	-	1,428,394	1,126,379	1,384,959	-	1,384,959
<b>Fiduciary Fund Category</b>							
<b>Private Purpose Trust Fund</b>							
Private Purpose Trust Fund	48,293	-	21,424	900	68,817	-	68,817
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 3,042,100</b>	<b>-</b>	<b>14,529,173</b>	<b>14,018,662</b>	<b>3,552,511</b>	<b>455,061</b>	<b>4,007,572</b>

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

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**Composition of Cash**

Checking Accounts	\$ 1,122,160
Savings Accounts	35,085
Money Market Accounts	1,975,447
NOW Accounts	398,839
Certificates of Deposit	566,099
Petty Cash	1,500
Cash on Hand	<u>200</u>
Total Cash	4,099,330
Agency Funds per Statement 4	<u>(91,658)</u>

<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ <u>4,007,672</u></b>
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The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
Summary of Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Fund Categories</b>						
<b>General Funds</b>						
General Fund	\$ 6,389,511	(37,555)	35,529	6,387,485	6,387,485	-
Supplemental General Fund	2,147,146	-	-	2,147,146	2,147,146	-
<b>Special Revenue Funds</b>						
Bilingual Education Fund	9,290	-	-	9,290	9,290	-
Capital Outlay Fund	404,576	-	-	404,576	325,471	(79,105)
Driver Education Fund	13,010	-	-	13,010	11,536	(1,474)
Food Service Fund	454,682	-	-	454,682	388,115	(66,567)
Professional Development Fund	85,374	-	-	85,374	44,828	(40,546)
Special Education Fund	1,492,912	-	-	1,492,912	1,370,050	(122,862)
Vocational Education Fund	404,313	-	-	404,313	360,865	(43,448)
KPERS Special Retirement Contribution Fund	399,675	-	-	399,675	274,769	(124,906)
At Risk (K-12) Fund	911,915	-	-	911,915	540,266	(371,649)
Virtual Education Fund	1,000	-	-	1,000	988	(12)
<b>Debt Service Fund</b>						
Bond and Interest Fund	534,438	-	-	534,438	534,338	(100)

The notes to the financial statements are an integral part of this statement.



**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,124,255	1,104,416	1,089,985	14,431
Delinquent Tax	15,538	-	11,041	(11,041)
Intergovernmental Revenues				
Equalization Aid	4,286,111	4,070,772	4,273,477	(202,705)
Special Education Aid	855,756	864,428	864,428	-
Other State Aid	3,420	1,843	-	1,843
Federal Aid - ARRA	303,784	113,025	113,025	-
Federal Aid - Education Jobs	-	197,907	-	197,907
Other Federal Aid	1,004	250	-	250
Reimbursements	10,261	33,436	-	33,436
<b>Total Cash Receipts</b>	<b>6,600,129</b>	<b>6,386,077</b>	<b>6,351,956</b>	<b>34,121</b>
<b>Expenditures</b>				
Instruction	2,603,487	2,359,153	2,578,497	(219,344)
Student Support Services	100,930	99,931	106,970	(7,039)
Instructional Support Services	245,333	182,761	255,239	(72,478)
General Administration	200,436	194,207	179,373	14,834
School Administration	415,501	372,777	358,919	13,858
Operations and Maintenance	703,537	795,932	813,564	(17,632)
Student Transportation Services	256,030	321,560	271,849	49,711
Other Supplemental Services	95,155	97,585	97,503	82
Transfers Out	1,880,476	1,963,579	1,727,597	235,982
Adjustment to Comply with Legal Max	-	-	(37,555)	37,555
Legal General Fund Budget	6,500,885	6,387,485	6,351,956	35,529
(a) Adjustment for Qualifying Budget Credits	-	-	35,529	(35,529)
<b>Total Expenditures</b>	<b>6,500,885</b>	<b>6,387,485</b>	<b>6,387,485</b>	<b>-</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>99,244</b>	<b>(1,408)</b>		
<b>Unencumbered Cash - Beginning</b>	<b>(567,618)</b>	<b>(468,374)</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ (468,374)</b>	<b>(469,782)</b>		
<b>(a) Adjustment for Qualifying Budget Credits</b>				
Reimbursements Over Amount Budgeted			\$ 33,436	
Other State Aid Over Amount Budgeted			1,843	
Other Federal Aid Over Amount Budgeted			250	
<b>Total</b>			<b>\$ 35,529</b>	

The notes to the financial statements are an integral part of this statement.

## UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

## Supplemental General Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,195,573	1,203,928	1,193,402	10,526
Delinquent Tax	19,138	-	11,796	(11,796)
Motor Vehicle Tax	168,219	173,404	140,863	32,541
Recreational Vehicle Tax	2,166	2,131	1,696	435
Excise Tax	437	366	-	366
Intergovernmental Revenues				
Equalization Aid	587,479	776,108	661,750	114,358
Federal Aid - ARRA	201,663	-	-	-
<b>Total Cash Receipts</b>	<u>2,174,675</u>	<u>2,155,937</u>	<u>2,009,507</u>	<u>146,430</u>
<b>Expenditures</b>				
Instruction	368,871	541,222	693,496	(152,274)
Student Support Services	29,728	31,465	60,817	(29,352)
Instructional Support Services	220,212	238,113	274,805	(36,692)
General Administration	8,640	11,252	17,140	(5,888)
School Administration	64,818	73,129	90,651	(17,522)
Operations and Maintenance	142,544	128,083	247,970	(119,887)
Other Supplemental Services	44,208	44,154	53,441	(9,287)
Transfers Out	1,250,969	1,079,728	708,826	370,902
<b>Total Expenditures</b>	<u>2,129,990</u>	<u>2,147,146</u>	<u>2,147,146</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	44,685	8,791		
<b>Unencumbered Cash - Beginning</b>	<u>(62,748)</u>	<u>(18,063)</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ (18,063)</u>	<u>(9,272)</u>		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Bilingual Education Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 15,000	20,000	-	20,000
<b>Expenditures</b>				
Instruction	5,709	9,290	9,290	-
<b>Cash Receipts Over (Under) Expenditures</b>	9,291	10,710		
<b>Unencumbered Cash - Beginning</b>	-	9,291		
<b>Unencumbered Cash - Ending</b>	\$ 9,291	20,001		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Capital Outlay Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Interest on Idle Funds	\$ 4,779	5,591	-	5,591
Sale of Property	6,619	-	-	-
Insurance Proceeds	-	122,076	-	122,076
Reimbursements	9,481	941	19,975	(19,034)
Rent	10,619	4,500	-	4,500
Transfers In	-	145,503	-	145,503
<b>Total Cash Receipts</b>	<b>31,498</b>	<b>278,611</b>	<b>19,975</b>	<b>258,636</b>
<b>Expenditures</b>				
Instruction	6,474	-	-	-
School Administration	-	-	7,500	(7,500)
Student Support Services	-	171,604	-	171,604
Operations and Maintenance	68,508	29,042	75,000	(45,958)
Transportation	-	-	185,000	(185,000)
Site Improvement	6,467	124,825	15,000	109,825
(a) Adjustment for Qualifying Budget Credits	-	-	122,076	(122,076)
<b>Total Expenditures</b>	<b>81,449</b>	<b>325,471</b>	<b>404,576</b>	<b>(79,105)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(49,951)</b>	<b>(46,860)</b>		
<b>Unencumbered Cash - Beginning</b>	<b>448,758</b>	<b>398,807</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ 398,807</b>	<b>351,947</b>		
<b>(a) Adjustment for Qualifying Budget Credits</b>				
Insurance Proceeds Over Amount Budgeted			\$ 122,076	

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Driver Education Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenue				
State Aid	\$ 1,700	2,886	2,660	226
Fees	6,156	7,550	5,670	1,880
Transfers In	5,000	7,500	4,250	3,250
<b>Total Cash Receipts</b>	<u>12,856</u>	<u>17,936</u>	<u>12,580</u>	<u>5,356</u>
<b>Expenditures</b>				
Instruction	9,552	10,542	11,980	(1,438)
Operations and Maintenance	525	994	1,030	(36)
<b>Total Expenditures</b>	<u>10,077</u>	<u>11,536</u>	<u>13,010</u>	<u>(1,474)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	2,779	6,400		
<b>Unencumbered Cash - Beginning</b>	<u>6,216</u>	<u>8,995</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>8,995</u>	<u>15,395</u>		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Food Service Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenues				
State Aid	\$ 4,760	4,446	3,844	602
Federal Aid	166,608	167,745	164,709	3,036
Charges for Services	180,759	170,843	194,156	(23,313)
Transfers In	80,000	58,000	80,000	(22,000)
<b>Total Cash Receipts</b>	432,127	401,034	442,709	(41,675)
<b>Expenditures</b>				
Food Service Operation	388,745	387,968	454,682	(66,714)
<b>Cash Receipts Over (Under) Expenditures</b>	43,382	13,066		
<b>Unencumbered Cash - Beginning</b>	72,771	116,153		
<b>Unencumbered Cash - Ending</b>	\$ 116,153	129,219		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Professional Development Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Miscellaneous Income	\$ 4,089	8,038	-	8,038
Transfers In	27,733	70,000	100,000	(30,000)
<b>Total Cash Receipts</b>	31,822	78,038	100,000	(21,962)
<b>Expenditures</b>				
Instructional Support Services	31,406	44,828	82,772	(37,944)
Other Supplemental Services	577	-	2,602	(2,602)
<b>Total Expenditures</b>	31,983	44,828	85,374	(40,546)
<b>Cash Receipts Over (Under) Expenditures</b>	(161)	33,210		
<b>Unencumbered Cash - Beginning</b>	72,923	72,762		
<b>Unencumbered Cash - Ending</b>	\$ 72,762	105,972		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Special Education Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenue				
Federal Aid - ARRA	\$ 52,326	56,950	-	56,950
Other Revenue From Local Sources	4,185	5,995	-	5,995
Reimbursements	-	11,416	-	11,416
Transfers In	1,517,495	1,379,090	1,338,790	40,300
<b>Total Cash Receipts</b>	<u>1,574,006</u>	<u>1,453,451</u>	<u>1,338,790</u>	<u>114,661</u>
<b>Expenditures</b>				
Instruction	1,125,526	1,138,915	1,228,156	(89,241)
Student Support Services	177,607	155,314	210,914	(55,600)
Instructional Support Services	48,903	53,697	53,842	(145)
Student Transportation Services	28,418	22,124	-	22,124
<b>Total Expenditures</b>	<u>1,380,454</u>	<u>1,370,050</u>	<u>1,492,912</u>	<u>(122,862)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	193,552	83,401		
<b>Unencumbered Cash - Beginning</b>	<u>154,505</u>	<u>348,057</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>348,057</u>	<u>431,458</u>		

The notes to the financial statements are an integral part of this statement.



**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Vocational Education Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 415,230	403,700	414,993	(11,293)
<b>Expenditures</b>				
Instruction	379,114	355,415	395,935	(40,520)
Operations and Maintenance	5,121	5,450	8,378	(2,928)
<b>Total Expenditures</b>	384,235	360,865	404,313	(43,448)
<b>Cash Receipts Over (Under) Expenditures</b>	30,995	42,835		
<b>Unencumbered Cash - Beginning</b>	50,000	80,995		
<b>Unencumbered Cash - Ending</b>	\$ 80,995	123,830		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**KPERS Special Retirement Contribution Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenue				
State Aid	\$ 356,853	274,769	399,675	(124,906)
<b>Expenditures</b>				
Instruction	224,816	173,105	243,802	(70,697)
Student Support	14,274	10,991	19,984	(8,993)
Instructional Support	21,411	16,486	23,981	(7,495)
General Administration	10,706	8,243	15,987	(7,744)
School Administration	17,843	13,738	20,383	(6,645)
Other Supplemental Services	3,569	2,748	3,997	(1,249)
Operations and Maintenance	28,548	21,981	31,974	(9,993)
Student Transportation Services	10,706	8,243	11,990	(3,747)
Food Service	24,980	19,234	27,577	(8,343)
<b>Total Expenditures</b>	356,853	274,769	399,675	(124,906)
<b>Cash Receipts Over (Under) Expenditures</b>	-	-		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	-		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Contingency Reserve Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 100,000	-
<b>Expenditures</b>		
Instruction	72,050	-
<b>Cash Receipts Over (Under) Expenditures</b>	27,950	-
<b>Unencumbered Cash - Beginning</b>	489,680	517,630
<b>Unencumbered Cash - Ending</b>	<u>\$ 517,630</u>	<u>517,630</u>

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**At-Risk Fund (K-12)**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 572,147	583,674	497,890	85,784
<b>Expenditures</b>				
Instruction	471,769	540,266	911,915	(371,649)
<b>Cash Receipts Over (Under) Expenditures</b>	100,378	43,408		
<b>Unencumbered Cash - Beginning</b>	49,997	150,375		
<b>Unencumbered Cash - Ending</b>	\$ 150,375	193,783		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Textbook Rental Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Book Rental Fees	\$ 26,786	29,623
<b>Expenditures</b>		
Instruction	26,590	22,044
<b>Cash Receipts Over (Under) Expenditures</b>	196	7,579
<b>Unencumbered Cash - Beginning</b>	22,925	23,121
<b>Unencumbered Cash - Ending</b>	\$ 23,121	30,700

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Title IV Drug Free Schools Fund**  
**Statement of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 3,794	-
<b>Expenditures</b>		
Student Support Services	3,794	-
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**USD No. 315 Drug Free Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

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	Prior Year Actual	Current Year Actual
	<u>          </u>	<u>          </u>
Cash Receipts	\$ -	-
Expenditures	<u>-</u>	<u>250</u>
Cash Receipts Over (Under) Expenditures	-	(250)
Unencumbered Cash - Beginning	<u>250</u>	<u>250</u>
Unencumbered Cash - Ending	\$ <u>250</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Title I Low Income Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenues		
Federal Aid	\$ 141,043	116,640
Federal Aid - ARRA	33,240	25,577
<b>Total Cash Receipts</b>	174,283	142,217
<b>Expenditures</b>		
Instruction	167,493	149,268
<b>Cash Receipts Over (Under) Expenditures</b>	6,790	(7,051)
<b>Unencumbered Cash - Beginning</b>	9,075	15,865
<b>Unencumbered Cash - Ending</b>	\$ 15,865	8,814

The notes to the financial statements are an integral part of this statement.



**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Title IIA Teacher Quality Fund**  
**Statement of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 52,525	32,109
<b>Expenditures</b>		
Instruction	52,280	53,789
<b>Cash Receipts Over (Under) Expenditures</b>	245	(21,680)
<b>Unencumbered Cash - Beginning</b>	13,239	13,484
<b>Unencumbered Cash - Ending</b>	\$ 13,484	(8,196)

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Title IID Education Technology Fund**  
**Statement of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 73,192	55,949
<b>Expenditures</b>		
Instruction	72,957	56,184
<b>Cash Receipts Over (Under) Expenditures</b>	235	(235)
<b>Unencumbered Cash - Beginning</b>	-	235
<b>Unencumbered Cash - Ending</b>	\$ 235	-

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Career and Technical Education Grant Fund**  
**Statement of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 45,246	25,093
<b>Expenditures</b>		
Returned Federal Aid	212	-
Curriculum Development	45,246	25,093
<b>Total Expenditures</b>	45,458	25,093
<b>Cash Receipts Over (Under) Expenditures</b>	(212)	-
<b>Unencumbered Cash - Beginning</b>	212	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**School To Careers Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>	\$ -	-
<b>Expenditures</b>		
Instruction	148	563
<b>Cash Receipts Over (Under) Expenditures</b>	(148)	(563)
<b>Unencumbered Cash - Beginning</b>	711	563
<b>Unencumbered Cash - Ending</b>	\$ 563	-

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Virtual Education Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 1,000	3,000	500	2,500
<b>Expenditures</b>				
Instruction	500	988	1,000	(12)
<b>Cash Receipts Over (Under) Expenditures</b>	500	2,012		
<b>Unencumbered Cash - Beginning</b>	-	500		
<b>Unencumbered Cash - Ending</b>	\$ 500	2,512		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Bond and Interest Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 431,892	369,464	373,951	(4,487)
Delinquent Tax	6,567	-	4,316	(4,316)
Motor Vehicle Tax	51,580	54,878	45,146	9,732
Recreational Vehicle Tax	664	676	543	133
Excise Tax	135	135	-	135
Other Revenue	1	-	-	-
GO Bond Proceeds	2,010,000	-	-	-
Original Issue Premium on Bonds	57,571	-	-	-
Accrued Interest	1,311	-	-	-
Intergovernmental Revenue				
State Aid	114,682	90,837	86,128	4,709
<b>Total Cash Receipts</b>	<u>2,674,403</u>	<u>515,990</u>	<u>510,084</u>	<u>5,906</u>
<b>Expenditures</b>				
Principal	2,475,000	485,000	485,000	-
Interest	83,954	49,338	49,338	-
Commission and Postage	-	-	100	(100)
Underwriter Discount	15,075	-	-	-
Cost of Issuance	18,163	-	-	-
<b>Total Expenditures</b>	<u>2,592,192</u>	<u>534,338</u>	<u>534,438</u>	<u>(100)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	82,211	(18,348)		
<b>Unencumbered Cash - Beginning</b>	<u>465,302</u>	<u>547,513</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 547,513</u>	<u>529,165</u>		

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**District Insurance Pool Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Insurance Premiums	\$ 925,275	1,038,867
Interest on Idle Funds	7,217	9,877
Miscellaneous Income	6,734	6,810
Transfers In	397,840	372,840
<b>Total Cash Receipts</b>	1,337,066	1,428,394
<b>Expenditures</b>		
Insurance Claims	1,336,100	1,126,379
<b>Cash Receipts Over (Under) Expenditures</b>	966	302,015
<b>Unencumbered Cash - Beginning</b>	1,081,978	1,082,944
<b>Unencumbered Cash - Ending</b>	\$ 1,082,944	1,384,959

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Private Purpose Trust Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Memorials/Donations	\$ 3,455	21,403
Interest on Idle Funds	132	21
<b>Total Cash Receipts</b>	3,587	21,424
<b>Expenditures</b>		
Scholarships	900	900
<b>Cash Receipts Over (Under) Expenditures</b>	2,687	20,524
<b>Unencumbered Cash - Beginning</b>	45,606	48,293
<b>Unencumbered Cash - Ending</b>	\$ 48,293	68,817

The notes to the financial statements are an integral part of this statement.



UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements  
For the Year Ended June 30, 2011

Funds	Beginning Cash Balance	Cash Receipts	Expenditures	Ending Cash Balance
<b>Colby High School</b>				
Band Club	\$ 403	5,968	3,249	3,122
CHS Singers	79	-	-	79
Cheerleader Club	3,144	7,152	7,706	2,590
Drill Team	460	3,051	3,151	360
Drama	3,630	3,463	5,679	1,414
Choir Club	2,216	2,295	2,845	1,666
Cosmic Crayon	435	49	-	484
FCA	590	2,575	2,368	797
FCCLA	947	-	207	740
FFA	7,515	18,365	16,205	9,675
Entrepreneurship Class	3,739	15,233	14,653	4,319
Eagle Talon	1,962	2,688	2,095	2,555
Forensics	2,036	23,420	23,564	1,892
National Honor Society	4,022	719	1,708	3,033
Tech Lab	4	2,334	750	1,588
Service Club	211	1,086	1,077	220
International Club	651	1	-	652
Student Council	5,463	4,258	4,098	5,623
SADD	668	1	-	669
Class of 2007	60	-	-	60
Class of 2008	137	-	-	137
Class of 2009	792	2	-	794
Class of 2010	630	42	461	211
Class of 2011	2,357	98	1,491	964
Class of 2012	1,922	10,502	11,389	1,035
Class of 2013	-	3,853	1,739	2,114
Supporting Our Students	664	2	-	666
TSA Club	8,844	469	222	9,091
Scholars Bowl	211	594	8	797
Musical Festival	2,292	1,922	1,975	2,239
Teachers Lounge	851	180	150	881
Career Center Special	2,105	4,179	3,066	3,218
Student Welfare	1,066	-	987	79
Money Market Interest	116	224	318	22
Senior Video	267	1	-	268
C-Club	20	-	-	20
Memorials	825	55	809	71
<b>Total Colby High School</b>	<b>\$ 61,334</b>	<b>114,781</b>	<b>111,970</b>	<b>64,145</b>

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**Agency Funds**  
Summary of Cash Receipts and Cash Disbursements  
For the Year Ended June 30, 2011

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Cash Balance</u>
<b>Colby Middle School</b>				
Activity Club	\$ 467	1,810	618	1,659
Cheerleaders	1,114	1,039	1,651	502
Kids in Charge	772	2,286	2,134	924
Business Partners	456	710	711	455
Alcohol/Drug Prevention	2,148	-	162	1,986
Technology Student Association	242	-	74	168
Band Club	3,807	4,221	2,672	5,356
Vocal Music Club	1,330	3,871	2,982	2,219
Scholars Bowl	541	669	509	701
TSA/TCA Replacement/Enhance	133	-	-	133
CMS Office Miscellaneous Revenue	3,378	468	1,101	2,745
Thomas County Academy	1,033	967	351	1,649
Pop Fund	1,454	548	586	1,416
<b>Total Colby Middle School</b>	<u>16,875</u>	<u>16,589</u>	<u>13,551</u>	<u>19,913</u>
<b>Colby High School Alumni Association</b>	<u>48,218</u>	<u>350</u>	<u>40,968</u>	<u>7,600</u>
<b>Total Agency Funds</b>	<u>\$ 126,427</u>	<u>131,720</u>	<u>166,489</u>	<u>91,658</u>

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**District Activity Funds**  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Gate Receipts</b>							
High School							
Athletics	\$ 50,756	-	170,994	139,814	81,936	-	81,936
Concessions	822	-	8,347	8,009	1,160	-	1,160
<b>Total High School</b>	<b>51,578</b>	<b>-</b>	<b>179,341</b>	<b>147,823</b>	<b>83,096</b>	<b>-</b>	<b>83,096</b>
<b>Middle School</b>							
Athletics	21,952	-	13,193	12,483	22,662	-	22,662
Concessions	501	-	783	812	472	-	472
<b>Total Middle School</b>	<b>22,453</b>	<b>-</b>	<b>13,976</b>	<b>13,295</b>	<b>23,134</b>	<b>-</b>	<b>23,134</b>
<b>Total Gate Receipts</b>	<b>74,031</b>	<b>-</b>	<b>193,317</b>	<b>161,118</b>	<b>106,230</b>	<b>-</b>	<b>106,230</b>
<b>School Projects</b>							
High School							
Yearbook	6,201	-	14,516	13,935	6,782	-	6,782
Academic Contributions	113	-	1,705	1,486	332	-	332
<b>Total High School</b>	<b>6,314</b>	<b>-</b>	<b>16,221</b>	<b>15,421</b>	<b>7,114</b>	<b>-</b>	<b>7,114</b>
<b>Middle School</b>							
Industrial Arts	131	-	769	900	-	-	-
Yearbook	2,704	-	2,774	3,926	1,552	-	1,552
Food For Kids	-	-	1,120	1,104	16	-	16
<b>Total Middle School</b>	<b>2,835</b>	<b>-</b>	<b>4,663</b>	<b>5,930</b>	<b>1,568</b>	<b>-</b>	<b>1,568</b>
<b>Grade School</b>							
General - School	2,349	-	1,460	2,078	1,731	-	1,731
Guided Reading Program	83	-	-	-	83	-	83
Art	165	-	336	412	89	-	89
Library	1,214	-	-	-	1,214	-	1,214
Supplemental Materials/Books	156	-	277	61	372	-	372
Playground Equipment Fundraiser	1,414	-	-	-	1,414	-	1,414
Music	3,129	-	903	53	3,979	-	3,979
Soaring Singers	294	-	117	107	304	-	304
Post Office	57	-	-	-	57	-	57
Foster Grandparent Fund	186	-	-	-	186	-	186
Teacher/Staff Special Occasions	63	-	285	309	39	-	39
Teachers PTO Grant	272	-	1,812	1,154	930	-	930
Teacher Vending	142	-	2,756	2,549	349	-	349
<b>Total Grade School</b>	<b>9,524</b>	<b>-</b>	<b>7,946</b>	<b>6,723</b>	<b>10,747</b>	<b>-</b>	<b>10,747</b>
<b>Total School Projects</b>	<b>18,673</b>	<b>-</b>	<b>28,830</b>	<b>28,074</b>	<b>19,429</b>	<b>-</b>	<b>19,429</b>
<b>Total District Activity Funds</b>	<b>\$ 92,704</b>	<b>-</b>	<b>222,147</b>	<b>189,192</b>	<b>125,659</b>	<b>-</b>	<b>125,659</b>

The notes to the financial statements are an integral part of this statement.

## UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

### Notes to Financial Statements

June 30, 2011

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Unified School District No. 315 Colby, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

##### **Reporting Entity**

The District is a municipal corporation governed by an elected seven-member board. These financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. This District has no component units.

##### **Use of Estimates**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

##### **Basis of Presentation – Fund Accounting**

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the District for the year ended June 30, 2011.

##### **Governmental Fund Categories**

**General Fund** – to account for all financial resources except those required to be reported in another fund.

**Special Revenue Funds** – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

**District Activity Funds** – a special revenue fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

**Debt Service Funds** – to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statements

June 30, 2011

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**NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Fund Category**

**Internal Service Fund** – to account for activities that provide goods or services to other funds, departments, or agencies of the District and its component units, or to other governments, on a cost-reimbursement basis when the District is the predominant participant in the activity.

**Fiduciary Fund Categories**

**Private Purpose Trust Fund** – to account for assets held by the District as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

**Agency Funds** – to account for assets held by the District as trustee or agent for others.

**Student Activity Funds** – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

**Statutory Basis of Accounting**

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

**Departure From Accounting Principles Generally Accepted in the United States of America**

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
Notes to Financial Statements  
June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Budgetary Information**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, internal service funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve Fund, Textbook Rental Fund, Title IV Drug Free Schools Fund, USD No. 315 Drug Free Fund, Title I Low Income Fund, Title IIA Teacher Quality Fund, Title IID Education Technology Fund, Carl Perkins Grant Fund, School to Careers Fund, and District Activity Funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Deposits and Investments**

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

## UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

### Notes to Financial Statements

June 30, 2011

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

##### Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

##### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$4,099,330 and the bank balance was \$4,625,122. The bank balance was held by six banks resulting in a concentration of credit risk. Of the bank balance, \$1,095,938 was covered by federal depository insurance and \$3,529,184 was collateralized with securities held by pledging financial institutions' agents in the District's name.

##### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2011.

#### Compensated Absences

##### Vacation

Twelve month classified staff receive 10 days of vacation leave after 1 year of employment. After 10 years with the District, an additional 5 days are awarded. This leave is non-accumulative unless approved by the supervisor and Superintendent. Unused vacation time may be taken at the time of termination if approved by the Superintendent.

##### Discretionary Leave

All licensed staff receive 2 days of discretionary leave per contract year. After receiving tenure with the District, 3 days of discretionary leave per year are available. After 10 years of full-time certified employment, 4 days of discretionary leave per year are available. Any unused discretionary leave is placed into the individual's sick leave at the end of the contract year.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**

Notes to Financial Statements

June 30, 2011

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**NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Sick Leave**

All staff working above 20 hours a week qualify for sick leave. Both licensed and 12 month classified staff receive 10 days sick leave per year, which is applicable to their own personal illness/injury, their children, spouse, parents, accumulative to a maximum of 90 days (licensed staff) and 80 days (classified staff). No classified staff member begins a new contract year with more than 80 days. No licensed staff member begins a new contract year with more than 70 days.

Licensed personnel with 20 years of service to USD 315 are compensated for 10 days of unused sick leave (if available) upon leaving the District. The rate of compensation is the current daily substitute rate (2010-11 \$85/day). The balance of compensated absences, as shown in Note 9, reflects the accumulation of the sick leave bank vested and payable at year-end. The balance of compensated absences, as shown in Note 9, reflects the accumulation of the sick leave vested and payable at year-end.

A sick leave bank is available to licensed non-administrative personnel. Participation is voluntary, and staff are eligible to participate upon accumulation of one day of sick leave. Participation will commence upon the deposit of one day of sick leave to the sick leave bank, and annual deposits are made until five days have been deposited. The bank's capacity is 400 days, and deposits made in excess of the 400 days are forfeited. Staff members who have more than 70 days of sick leave accumulated at the end of the school year may donate up to three of their excess days to the bank. A participant may request days from the bank after exhausting their available sick leave and making a one day salary deduction.

In addition, two days of emergency leave may be granted for emergencies at the discretion of the supervisor. Emergency leave is non-accumulative. Three days of bereavement leave is available per occurrence for leave due to the death in the staff member's immediate family (parent, grandparent, sibling, spouse, child, and grandchild). All clerical staff receive one day of discretionary leave per year.

**Deferred Compensation Plan**

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Employees working over 17 hours a week are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

**Early Retirement**

Professional employees may retire from employment with the District at the end of any contract year in which they meet the eligibility requirements. The requirements include the following: 1) the employee is currently a professional employee of the district, 2) the employee is not less than 55 years of age, or meets the KPERS provision for early retirement, and 3) the employee has at least 10 years of employment in the District immediately prior to the request for early retirement, and a majority of the 10 years of service have been full-time. Employees who are qualified are entitled to the following benefits: A) A monthly amount of \$150, which may only be applied toward health and accident coverage. This benefit will continue during the period when the employee is receiving early retirement benefits from the District. B) Additional coverage may be purchased for family members who qualify for such benefits. C) Payments shall be made beginning with the July payroll of the year the retiree is eligible to begin receiving benefits. The yearly benefit is computed by applying various percentages based on the year of retirement to the employee's highest salary as determined by KPERS. D) The maximum number of years a retiree can receive this benefit is 10. The benefits end in the contract year in which the retiree reaches 65 years of age, or on the death of the retiree, in which case the benefits will be pro-rated on a daily basis beginning with July 1 of the contract year in which the death occurs. During the year ended June 30, 2011, payments to early retirees totaled \$52,480, and the cost of insurance benefits for year ended June 30, 2011, totaled \$12,600.



## UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

### Notes to Financial Statements

June 30, 2011

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **Defined Benefit Pension Plan**

###### **Plan Description**

The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

###### **Funding Policy**

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State currently contributes 9.17% of covered payroll and 20.48% for licensed KPERS retirees. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were \$274,769, \$356,853 and \$382,989, respectively.

##### **Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

##### **Property Tax Calendar**

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

##### **Restricted Assets**

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the District for special purposes.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statements

June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reimbursements**

The District records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

**NOTE 2 – SELF INSURANCE PLANS**

**Health Care Coverage**

During the year ended June 30, 2011, employees of **Unified School District No. 315 Colby, Kansas** were covered by the District's medical self-insurance plan (the "plan"). The District's plan is a paid contract, with all unused reserved fund classified as unencumbered at the fiscal year end. The monthly premium contributed is approximately \$895 per family and \$395 per individual. The District contributes \$360 per month per participating employee, with the employee paying the difference through authorized payroll withholdings. Claims were paid by a third party administrator acting on behalf of the District. The Administration contract between the District and the third party administration is renewable annually and administration fees are included in the contractual provisions. The District was protected against unanticipated catastrophic individual loss or aggregate loss by stop loss coverage carried through Blue Cross Blue Shield. Stop loss coverage was in effect for claims exceeding \$50,000 per individual and \$844,412 in the aggregate.

Self-Insurance Liability	Current Year Beginning of Fiscal Year Liability	Claims and Changes in Estimates
2011	\$ -	792,756
Claim Payment	Balance At Fiscal Year-End	Assets Available to Pay Claims at June 30
\$ 714,194	78,561	1,384,959

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**

Notes to Financial Statements

June 30, 2011

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**NOTE 3 – INTERFUND TRANSFERS**

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 315 Colby, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2011 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 902,867
General Fund	Capital Outlay Fund	K.S.A. 72-6428	145,503
General Fund	Vocational Education Fund	K.S.A. 72-6428	368,700
General Fund	Bilingual Education Fund	K.S.A. 72-6428	20,000
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	523,509
General Fund	Virtual Education Fund	K.S.A. 72-6428	3,000
Supplemental General Fund	At Risk Fund (K-12)	K.S.A. 72-6433	60,165
Supplemental General Fund	District Insurance Pool Fund	K.S.A. 72-6433	372,840
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	35,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	476,223
Supplemental General Fund	Drivers Education Fund	K.S.A. 72-6433	7,500
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	58,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	70,000

**NOTE 4 – LITIGATION**

**Unified School District No. 315 Colby, Kansas** is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

**NOTE 5 – RISK MANAGEMENT**

**Unified School District No. 315 Colby, Kansas** carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, umbrella, linebacker, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 6 – GRANTS AND SHARED REVENUES**

**Unified School District No. 315 Colby, Kansas** participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**

Notes to Financial Statements

June 30, 2011

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**NOTE 7 – COMPARATIVE DATA**

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 315 Colby, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

**NOTE 8 – LONG-TERM DEBT**

**Unified School District No. 315 Colby, Kansas** has the following types of long-term debt.

**General Obligation Bond**

On October 1, 2009, the District issued Series 2009 general obligation refunding bonds of \$2,010,000 (par value) with an interest rate of 2.50 – 3.00% to advance refund term bonds. The Series 2009 refunding bonds mature on September 1, 2013. The Series 2009 bonds were issued at a premium, and, after paying issuance costs of \$18,163, the net proceeds were \$2,034,334. The net proceeds from the issuance of the general obligation bonds were used to refund \$2,010,000 in Series 1999A bonds. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's financial statements. As a result of the advance refunding, the economic gain to the District (difference between the present value of the debt service payments on the old and new debt) was \$94,085.

**Lease Obligations**

The District has entered into a lease agreement with an option to purchase at the expiration of the lease terms. The lease contains a fiscal funding clause.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS  
Notes to Financial Statements  
June 30, 2011

**NOTE 9 - LONG-TERM DEBT (continued)**

Changes in long-term liabilities for the District for the year ended June 30, 2011, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
Series 2009 Refunding	2.50-3.00%	10/1/09	\$ 2,010,000	9/01/13	\$ 2,010,000	-	485,000	(485,000)	1,525,000	49,338
<b>Capital Lease</b>										
Apple Computer Equipment	12.00%	6/30/07	\$ 298,972	10/01/10	77,824	-	77,824	-	-	4,434
<b>Total Contractual Indebtedness</b>					2,087,824	-	562,824	-	1,525,000	53,772
<b>Compensated Absences</b>					13,280	-	-	(530)	12,750	-
<b>Total Long-Term Debt</b>					<u>\$ 2,101,104</u>	<u>-</u>	<u>562,824</u>	<u>(530)</u>	<u>1,537,750</u>	<u>53,772</u>

Current maturities of long-term debt and interest for the next four years are as follows:

	YEAR		Total
	2012	2013	2014
<b>Principal</b>			
General Obligation Bond - Series 2009 Refunding	\$ 495,000	505,000	525,000
<b>Interest</b>			
General Obligation Bond - Series 2009 Refunding	37,087	23,325	7,875
<b>Total Principal and Interest</b>	<u>\$ 532,087</u>	<u>528,325</u>	<u>532,875</u>

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**

Notes to Financial Statements

June 30, 2011

**NOTE 10 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)**

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these statutes.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
**General Fund**  
Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2011

	<b>Statutory Transactions</b>	<b>Budget</b>	<b>Variance Over (Under)</b>
<b>Statutory Revenues</b>			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 1,104,416	1,089,985	14,431
Delinquent Tax	-	11,041	(11,041)
Intergovernmental Revenues			
Equalization Aid	4,072,180	4,273,477	(201,297)
Special Education Aid	864,428	864,428	-
Other State Aid	1,843	-	1,843
Federal Aid - ARRA	113,025	113,025	-
Federal Aid - Education Jobs	197,907	-	197,907
Federal Aid - Other	250	-	250
Reimbursements	33,436	-	33,436
<b>Total Statutory Revenues</b>	<b>6,387,485</b>	<b>6,351,956</b>	<b>35,529</b>
<b>Expenditures</b>			
Instruction	2,359,153	2,578,497	(219,344)
Student Support Services	99,931	106,970	(7,039)
Instructional Support Services	182,761	255,239	(72,478)
General Administration	194,207	179,373	14,834
School Administration	372,777	358,919	13,858
Operations and Maintenance	795,932	813,564	(17,632)
Student Transportation Services	321,560	271,849	49,711
Other Supplemental Services	97,585	97,503	82
Transfers Out	1,963,579	1,727,597	235,982
Adjustment to Comply with Legal Max	-	(37,555)	37,555
Legal General Fund Budget	6,387,485	6,351,956	35,529
(a) Adjustments for Qualifying Budget Credits	-	35,529	(35,529)
<b>Total Expenditures and Legal General Fund Budget</b>	<b>6,387,485</b>	<b>6,387,485</b>	<b>-</b>
<b>Statutory Revenues Over (Under) Expenditures</b>	<b>-</b>		
<b>Modified Unencumbered Cash - Beginning</b>	<b>-</b>		
<b>Modified Unencumbered Cash - Ending</b>	<b>\$ -</b>		
<b>(a) Adjustment for Qualifying Budget Credits</b>			
Reimbursements Over Amount Budgeted		\$ 33,436	
Other State Aid Over Amount Budgeted		1,843	
Other Federal Aid Over Amount Budgeted		250	
<b>Total</b>		<b>\$ 35,529</b>	

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**

Notes to Financial Statements

June 30, 2011

**NOTE 10 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) (continued)**

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**

**Supplemental General Fund**

Statutory Revenues and Expenditures - Statutory and Budget

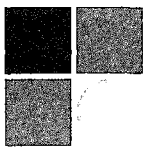
For the Year Ended June 30, 2011

	<b>Statutory Transactions</b>	<b>Budget</b>	<b>Variance Over (Under)</b>
<b>Statutory Revenues</b>			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 1,203,928	1,193,402	10,526
Delinquent Tax	-	11,796	(11,796)
Motor Vehicle Tax	173,404	140,863	32,541
Recreational Vehicle Tax	2,131	1,696	435
Excise Tax	366	-	366
Intergovernmental Revenue			
Equalization Aid	659,593	661,750	(2,157)
Federal Aid - ARRA	-	-	-
<b>Total Statutory Revenues</b>	<b>2,039,422</b>	<b>2,009,507</b>	<b>29,915</b>
<b>Expenditures</b>			
Instruction	541,222	693,496	(152,274)
Student Support Services	31,465	60,817	(29,352)
Instructional Support Services	238,113	274,805	(36,692)
General Administration	11,252	17,140	(5,888)
School Administration	73,129	90,651	(17,522)
Operations and Maintenance	128,083	247,970	(119,887)
Other Supplemental Services	44,154	53,441	(9,287)
Transfers Out	1,079,728	708,826	370,902
<b>Total Expenditures and Legal</b>	<b>2,147,146</b>	<b>2,147,146</b>	<b>-</b>
<b>Supplemental General Fund Budget</b>	<b>2,147,146</b>	<b>2,147,146</b>	<b>-</b>
<b>Statutory Revenues Over (Under) Expenditures</b>	<b>(107,724)</b>		
<b>Modified Unencumbered Cash - Beginning</b>	<b>137,638</b>		
<b>Modified Unencumbered Cash - Ending</b>	<b>\$ 29,914</b>		

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**

Supplementary Information





Certified  
Public  
Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education

**Unified School District No. 315 Colby, Kansas**

Colby, Kansas

We have audited the financial statements of **Unified School District No. 315 Colby, Kansas** as of and for the year ended June 30, 2011, and have issued our report thereon dated January 16, 2012. The report on the audited financial statements was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs (2011-A) that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


### Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 315 Colby, Kansas**' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **Unified School District No. 315, Colby, Kansas** in a separate letter dated January 16, 2012.

**Unified School District No. 315 Colby, Kansas**' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit **Unified School District No. 315, Colby, Kansas**' response and, accordingly, we express no opinion on it.

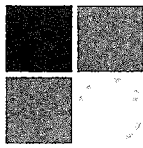
This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

January 16, 2012



Certified  
Public  
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education

**Unified School District No. 315 Colby, Kansas**

Colby, Kansas

**Compliance**

We have audited **Unified School District No. 315 Colby, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 315 Colby, Kansas'** major federal programs for the year ended June 30, 2011. **Unified School District No. 315 Colby, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Unified School District No. 315 Colby, Kansas'** management. Our responsibility is to express an opinion on **Unified School District No. 315 Colby, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 315 Colby, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Unified School District No. 315 Colby, Kansas'** compliance with those requirements.

In our opinion, **Unified School District No. 315 Colby, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of **Unified School District No. 315 Colby, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Unified School District No. 315 Colby, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the

effectiveness of **Unified School District No. 315 Colby, Kansas'** internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.

*Adams, Brown, Beran & Ball, Chtd*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

January 16, 2012

Unified School District No. 315 Colby, Kansas  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:

Unqualified

Internal control over financial reporting

- |   |               |     |               |               |
|---|---------------|-----|---------------|---------------|
| • Material weakness identified?                         | _____         | Yes | _____ X _____ | No            |
| • Significant deficiency identified?                    | _____ X _____ | Yes | _____         | None reported |
| • Noncompliance material to financial statements noted? | _____         | Yes | _____ X _____ | No            |

**FEDERAL AWARDS**

Internal control over major programs:

- |                                      |       |     |               |               |
|--------------------------------------|-------|-----|---------------|---------------|
| • Material weakness identified?      | _____ | Yes | _____ X _____ | No            |
| • Significant deficiency identified? | _____ | Yes | _____ X _____ | None reported |

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

_____	Yes	_____ X _____	No
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Identification of major programs:

CFDA Number	Name of Federal Program
10.553	School Breakfast Program
10.555	National School Lunch Program
84.010	Title I Grants to Local Educational Agencies
84.389	Title I Grants to Local Educational Agencies, Recovery Act
84.394	State Fiscal Stabilization Fund - Education States Grant, Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____	Yes	_____ X _____	No
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**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Significant Deficiency in Internal Control**

**2011-A**

**Criteria**

Client personnel responsible for the accounting and reporting function should have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements.

**Condition**

Client personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles.

**Effect**

Financial transactions and financial statements may not properly reflect financial information in accordance with generally accepted accounting principles.

**Cause**

The District's employees are unable to obtain the training necessary to obtain these skills due to its size and financial resources.

**Recommendation**

Continual training of accounting personnel should be implemented to ensure financial transactions and financial statements are being presented as accurately as possible.

**Views of responsible officials and planned corrective actions**

The District is aware that personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles. However, due to the size and financial resources of the District, it would not be feasible to obtain the necessary training.

**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2011

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No material findings or questioned costs for the year ended June 30, 2010 are required to be disclosed under OMB circular A-133.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass Through Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed Through Kansas State Department of Education			
<b>Child Nutrition Cluster</b>			
School Breakfast Program	10.553	3529-3490 3490 9904	\$ 12,909
National School Lunch Program	10.555	3530-3500 3500 9902/12	<u>151,017</u>
<b>Total Child Nutrition Cluster</b>			163,926
State Administrative Expenses for Child Nutrition	10.560	3230-3020 R201	354
Fresh Fruit and Vegetable Program	10.582	3230-3020 3020 9926	<u>3,715</u>
<b>Total U.S. Department of Agriculture</b>			<u>167,995</u>
<b>U.S. Department of Education</b>			
Passed Through Kansas State Department of Education			
<b>Title I, Part A Cluster</b>			
Title I Grants to Local Educational Agencies	84.010	3532-3520 3520	107,825
Title I Grants to Local Education Agencies - Carry Over	84.010	3532-3520 3520	15,866
ARRA - Title I Grants to Local Educational Agencies - Recovery Act	84.389	3532-3525 3525	<u>25,577</u>
<b>Total Title I, Part A Cluster</b>			<u>149,268</u>
<b>State Fiscal Stabilization Fund Cluster</b>			
State Fiscal Stabilization Fund - Education			
State Grants - Recovery Act	84.394	3790-3790 3790	<u>113,025</u>
<b>Education Technology State Grants Cluster</b>			
Education Technology State Grants	84.318	3233-3040 3040 9962	429
ARRA - Education Technology State Grant - Recovery Act	84.386	3233-3044 3044 9964	235
ARRA - Education Technology State Grant - Recovery Act - Carry Over	84.386	3233-3044 3044 9964	520
ARRA - Education Technology State Grant - Recovery Act	84.386	3233-3044 3044 9965	<u>55,000</u>
<b>Total Education Technology State Grants Cluster</b>			<u>56,184</u>
<b>Improving Teacher Quality State Grants</b>			
Improving Teacher Quality State Grants	84.367	3526-3860 3860	40,305
Improving Teacher Quality State Grants - Carry Over	84.367	3526-3860 3860	<u>13,484</u>
<b>Total Improving Teacher Quality State Grants</b>			<u>53,789</u>
Career and Technical Education - Basic Grants to States	84.048	3539-3590 3590 9920/22	25,093
Education Jobs Fund	84.410	3551-3551 3551	197,907
Passed Through Northwest Kansas Educational Service Center			
<b>Special Education Cluster (IDEA)</b>			
Special Education - Grants to States - Recovery Act	84.391	3234-3055	<u>56,950</u>
<b>Total U.S. Department of Education</b>			<u>652,216</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>820,211</u></b>

See accompanying notes to schedule of expenditures of federal awards.



**UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 315 Colby, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.